

**ND-1CR****Calculation of credit for income tax  
paid to another state****2005****Attach to Form ND-1****Please type or print in black or blue ink. Enter one letter or number in each box.**

Your name as shown on Form ND-1

Social Security Number

Name of state or U.S. territory to which you paid tax on income that is also taxed by North Dakota

**Full-year resident and part-year resident**

- **Part-year resident:** Complete this schedule *only if* the amount on Schedule ND-1NR, line 16, includes income that (1) has its source in another state *and* (2) was received or earned while a North Dakota resident.

See instructions on  
back of this schedule.

US Dollars

1a. Federal adjusted gross income from Form ND-1, line D ----- 1a

1b. How much of the amount on line 1a has its source in the other state? If none, stop here; you are not eligible for this credit. See instructions for proper amount to enter here ----- 1b

1c. **Full-year resident:** Enter the amount from line 1b.**Part-year resident:** How much of the amount on line 1b did you receive or earn while a North Dakota resident? If none, stop here; you are not eligible for this credit.

See instructions for proper amount to enter here ----- (S8) 1c

2. Enter the applicable amount for your residency status as follows ----- (SJ) 2

- **Full-year resident** - Enter the amount from Form ND-1, line D, after reducing it by any interest from U.S. obligations on Form ND-1, line 6.
- **Part-year resident** - Enter the amount from Schedule ND-1NR, line 16.

3. Divide line 1c by line 2. Round to nearest two decimal places. If line 1c is equal to or more than line 2, enter 1.00 ----- 3

4. Enter the amount of your North Dakota tax from Form ND-1, line 17 ----- 4

5. Multiply line 4 by line 3 ----- (SL) 5

6. Enter the amount of income tax paid to the other state. See instructions for proper amount to enter here ----- (SM) 6

- If a **full-year resident**, go to line 7.
- If a **part-year resident**, skip line 7 and complete lines 8 through 11.

**Full-year resident only**7. **Credit** - Enter the smaller of line 5 or line 6. Enter this amount on Form ND-1, line 19 ----- 7**Part-year resident only**

8. Enter the amount from line 1b ----- (SK) 8

9. Divide line 1c by line 8. Round to nearest two decimal places. If line 1c is equal to or more than line 8, enter 1.00 ----- 9

10. Multiply line 6 by line 9 ----- (S9) 10

11. **Credit** - Enter the smaller of line 5 or line 10. Enter this amount on Form ND-1, line 19 ----- 11**To obtain this credit, you must attach the following to your Form ND-1:**

- **Schedule ND-1CR.**
- **A copy of the income tax return filed with the other state.**

## General instructions

### Who is eligible

You may be eligible for a credit for income tax paid to another state if both of the following apply:

- You were a North Dakota resident for all or part of the tax year.
- You are required to pay income tax for the tax year to North Dakota and to another state on the *same income*.

**Part-year resident**—If you were a part-year resident of North Dakota during the tax year, the credit is available only if the income taxed by both North Dakota and the other state was earned or received during the time you were a North Dakota resident.

**Definition of state**—For purposes of this credit, “state” means any of the other 49 states, the District of Columbia, or a territory of the United States. This credit is not available for income tax paid to a local government (such as a city, county, or school district), nor is it available for income tax paid to another country or any of its political subdivisions.

**Other state’s return**—The credit is allowed only if you file an income tax return with the other state. The credit is not allowed based on the amount of the other state’s income tax withheld from your wages or the amount of estimated income tax paid to the other state. Part or all of the other state’s income tax withholding or estimated tax paid may be refunded to you depending on the actual income tax liability calculated on the other state’s income tax return.

**You must attach a copy of the other state’s income tax return along with this schedule to your Form ND-1 to obtain the credit.**

**Joint filers having different states of residence.** If you are filing a joint federal return, but you are required to file separate North Dakota returns because you and your spouse had different states of residence, this credit is available to the spouse who is either a full-year resident or part-year resident of North Dakota.

### Payment of income tax to more than one other state

If you pay income tax to more than one other state for the tax year, you must complete a separate Schedule ND-1CR for each state. Fill in the total of the separately calculated credit amounts on Form ND-1, line 19.

### Did you work in Montana?

If you worked in Montana while a resident of North Dakota, the wages you receive for this work are not taxable by Montana under the income tax reciprocity agreement between the two states. If this applies to you, but your employer withheld Montana income tax from the wages, do not complete this schedule. Instead, you must file a Montana individual income tax return to obtain a refund of the Montana income tax withheld.

**Income other than wages from Montana sources**—You may be eligible for this credit if you are required to pay income tax to Montana on income other than wages, provided you earn or receive the income while a North Dakota resident.

### Did you work in Minnesota?

If you worked in Minnesota while a resident of North Dakota, the wages you receive for this work are not taxable by Minnesota under the income tax reciprocity agreement between the two states, provided you maintained a home in North Dakota to which you returned at least once every month. If this applies to you, but your employer withheld Minnesota income tax from the wages, do not complete this schedule. Instead, you must file a Minnesota individual income tax return to obtain a refund of the Minnesota income tax withheld.

**Income other than wages from Minnesota sources**—You may be eligible for this credit if you are required to pay income tax to Minnesota on income that is not covered by the income tax reciprocity agreement between North Dakota and Minnesota, provided you earn or receive the income while a North Dakota resident.

## Specific line instructions

### Line 1b

Enter only those items of income, gain, loss, and adjustments to income (included in your federal adjusted gross income) that have their source in the other state. Generally they have their source in the other state if they are taxable or deductible under the other state’s tax laws. Do not include exemptions, standard deduction or itemized deductions, or any other adjustment to federal adjusted gross income allowed or required by the other state’s tax laws.

**Example:** Taxpayer A is a full-year resident of North Dakota. He has wages of \$48,000 and interest income of \$1,000. His federal adjusted gross income is \$49,000 (\$48,000 + \$1,000). \$5,000 of his wages was earned for temporary work performed in the State of Nebraska and is taxable by Nebraska. His interest income is not taxable by Nebraska. The portion of his federal adjusted gross income that has a source in Nebraska is \$5,000, which must be entered on line 1b of Schedule ND-1CR.

### Line 1c

If you are a part-year resident, enter the portion of line 1b that you earned or received while a North Dakota resident. This includes a loss or adjustment to income (included in your federal adjusted gross income) incurred while a North Dakota resident.

**Example:** During the tax year, Taxpayer B was a Montana resident from January 1 through June 30, and a North Dakota resident from July 1 through December 31. While a Montana resident, she received wages of \$10,000 for work performed in Montana. After she moved to North Dakota, she received an additional \$18,000 of wages for work performed in North Dakota. She also owns land in Montana from which she received net rental income of \$1,000 per month (for a total of \$12,000 for the year). Her federal adjusted gross income is \$40,000 (\$10,000 + \$18,000 + \$12,000). The wages of \$10,000 earned in Montana and the net rental income of \$12,000 from property located in Montana are taxable by Montana, and she must enter \$22,000 on line 1b of Schedule ND-1CR. \$6,000 (or \$1,000 per month for six months) of the net rental income was received while a North Dakota resident, and therefore she must enter \$6,000 on line 1c of Schedule ND-1CR.

### Line 6

Enter the amount of the income tax less any income tax credits as shown on the other state’s income tax return. Do not include on this line the amount of the other state’s income tax withheld from your wages or the amount of estimated income tax paid to the other state.